day (Ohio), 126 Fed. Rep. 257. And where a resident of a state sold lands in another state and took notes therefor payable in the latter state and left there for collection they were held not taxable in the former state. *Wilcox* v. *Ellis,* 14 Kan. 588; *Fisher* v. *Com. of Rush County,* 19 Kan. 414. See also as to the general extent of the power of the state to tax notes and mortgages, *Buck* v. *Miller,* 147 Ind. 586, 62 Am. St. Rep. 436; *New Orleans* v. *Stempel,* 175 U. S. 309; *Comptoir National D'Escompte* v. *Board of Assessors,* 52 La. Ann. 1319.

PLEDGE—DUTY OF PLEDGEE TO PRESERVE THE VALUE OF COLLATERAL SECURITY.—Appellant borrowed $192, giving therefor his promissory note, payment of which was secured by a collateral note for $450, owing, to appellant and secured by a chattel mortgage on a large amount of growing corn. The notes, before maturity, came into the possession of the appellee in the regular course of business. The appellee took the notes with the understanding that appellant's chattel mortgage interest should be cared for and enforced and that appellee, after paying himself from the proceeds, resulting from the enforcement of the chattel mortgage, should turn over the remainder to appellant. When the collateral note became due, appellee failed to enforce the chattel mortgage which secured it and thereby the security was lost. *Held,* that appellee was bound to use ordinary diligence in the collection of the collateral note. *Scott* v. *First National Bank* (1904), — I. T. —, 82 S. W. Rep. 751.

The courts, quite generally, hold that when a creditor takes, as collateral security, a note due to his debtor from a third person, the pledgee, being entitled to the possession of the note having a certain ownership therein, must take all reasonable care to make secure the rights of the pledgor. *Farm Inv. Co.* v. *Wyo. College, etc.,* 10 Wyo. 240, 68 Pac. 561; *Reeves et al.* v. *Plough,* 41 Ind. 204; *Mt. Vernon Bridge Co.* v. *Knox County Sav. Bank,* 46 Ohio St. 224, 20 N. E. 339; *Mauck* v. *Atlanta Trust & Bank Co.,* 113 Ga. 242, 38 S. E. 845. The pledgee, in his exercise of reasonable diligence, must, if necessary to preserve the collateral note, sue the maker thereof; and if by failure to take proper steps, the value of the collateral is lost, the pledgee is liable therefor to the pledgor. *Whitteker* v. *The Charleston Gas Co.,* 16 W. Va. 717; *Wakeman et al.* v. *Gowdy,* 10 Bosw. (N. Y.) 208; *Roberts* v. *Thompson and Clark,* 14 Ohio St. 1, 82 Am. Dec. 465; *Hanna* v. *Holton,* 78 Pa. St. 384, 21 Am. Rep. 20; *Northwestern Nat. Bank of Aberdeen* v. *J. Thompson & Sons Mfg. Co.,* 71 Fed. Rep. 113; *Hazard* v. *Wells,* 2 Abb. N. C. (N. Y.) 444; *Lamberton et al.* v. *Windom et al.,* 12 Minn. 232, 90 Am. Dec. 301. In a late case, the court held that where a promissory note had been given as collateral security for the payment of a smaller note, made by the pledgor, and the pledgee had failed to demand payment of the collateral note or to give notice of its dishonor, whereby the indorser was discharged, the pledgor could, when sued on his own note, show by way of recoupment, the damages which he had sustained by the pledgee's negligence. *Coleman* v. *Lewis,* 183 Mass. 485.